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CLEAN ENERGY INDUSTRY POISED TO BECOME 10TH LARGEST IN MASS.

Renewable energy, energy efficiency, and related firms are small but fast growing, and will soon pass textiles in employment, according to “census” of clean energy companies. State policies and regulatory structure, along with funding, are seen as vital to future growth.

BOSTON – The clean energy sector, which Governor Deval Patrick has identified as a key emerging industry for Massachusetts, is about to overtake textiles as the 10th largest in the Commonwealth, according to a “census” of the clean energy cluster released today by the Patrick Administration and the Massachusetts Technology Collaborative (MTC).

The census, prepared by Global Insight of Lexington for MTC’s Renewable Energy Trust, identified 556 entities engaged in renewable energy; energy efficiency and demand response; consulting and support; and university research related to clean energy. Employment in these firms, most of which are young and small, was estimated at 14,400. With an annual job growth rate of 20 percent projected by industry executives, clean energy will soon pass the textile industry, which now employs 15,400 people, as the 10th largest cluster tracked by the Index of the Massachusetts Innovation Economy, which is published by MTC’s John Adams Innovation Institute.

“Governor Patrick intends to make Massachusetts a national and global leader in clean energy because he sees it as an economic opportunity as well as an environmental necessity,” said Secretary of Energy and Environmental Affairs Ian Bowles. “This census shows that the clean energy sector is off to a good start in Massachusetts. We need the industry to make itself heard, and we in state government need to put in place the regulatory incentives that will make Massachusetts a place where demand for clean energy technologies and products will grow.”

In June, Governor Patrick convened two dozen entrepreneurs for a Clean Energy Roundtable, and called on the industry to organize a trade association along the lines of the Massachusetts Biotech Council. Efforts to form a Clean Energy Council are now under way.

“The clean energy sector is key to the economic future of the Commonwealth,” said Housing and Economic Development Secretary Dan O’Connell. “We need to understand what it will take to make this sector grow and thrive in Massachusetts.”

Among its findings, the *Massachusetts Clean Energy Census* (available online at www.masstech.org) showed that:

- Massachusetts is an incubator for clean energy start-ups, with 116 companies founded since 2001. Nearly half of clean energy companies have less than five employees; 68 percent of firms have less than \$10 million in annual revenues, 41 percent below \$1 million.
- Energy efficiency and demand response companies are currently the largest employers, with 6,300 jobs, or 44 percent of total employment in the sector.
- Renewable energy companies are the youngest and fastest growing firms, with executives projecting 30 percent job growth in the coming year.
- In both companies and jobs, the clean energy sector has significant presence in several areas of the state, inside Interstate 495 but also in the Pioneer Valley and the Berkshires.

Also, a survey of 255 firm leaders conducted as part of the census found that clean energy executives were most worried about capital funding and revenue growth. To address this concern, in part, MTC recently launched a \$15 million Business Expansion Initiative, which will provide secured loans to expansion-stage companies that produce renewable energy products. MTC’s Renewable Energy Trust will partner with lenders to offer loans of up to \$3 million, with interest rates reduced according to jobs produced or investment made in the state, covering up to half the firm’s capital spending over a two-year period.

“The Renewable Energy Trust is working with the Patrick Administration to make direct investments that help clean energy companies expand operations and create new jobs in Massachusetts,” said MTC Executive Director Mitchell Adams. “We will continue to work with clean energy businesses – from start-ups to established high-tech manufacturers – to maximize their economic impact right here in the Commonwealth.”

Government incentives and regulatory barriers were the next biggest concerns for the clean energy companies. Executives identified California, with policies, regulatory structures, and financial incentives that are geared toward driving demand for energy conservation, demand response, and renewable energy, as most supportive for the clean energy industry – and as Massachusetts’ top competitor for clean energy entrepreneurs. These responses suggest that supportive state policies can be an important factor in developing a clean energy industry in Massachusetts.

Steps taken by the Patrick Administration to date to create a clean energy future – and with it, a clean energy industry – for Massachusetts include the following:

- Joining the Regional Greenhouse Gas Initiative, with a pledge to auction all allowances of carbon dioxide emissions from large electric power plants and use the proceeds to promote energy efficiency, demand reduction, and renewable energy.

- Issuing a “Leading By Example” Executive Order setting ambitious goals for energy efficiency and renewable energy use by state agencies.
- Announcing that Evergreen Solar would build its first US manufacturing plant in Massachusetts, thanks to financial incentives, a state commitment to increase installed solar power from 2 MW to 250MW in a decade, and a state-brokered first-in-the-nation relationship between a solar panel manufacturer and an electricity distribution utility to market solar power and make the installation and connection process smoother.
- Launching, through the Department of Public Utilities, an inquiry into “decoupling” electricity distribution rates from sales volume, to make utilities better partners in promoting energy efficiency.
- Setting, with House Speaker Sal DiMasi and Senate President Therese Murray, a goal of meeting all electricity demand growth through efficiency improvements, rather than additional power generation, within three years.

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